

Message Text

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44

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 RSC-01 FAA-00 PM-03 H-01 L-02

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /060 W

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P R 151230Z JAN 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 1981

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMEMBASSY MONTEVIDEO

C O N F I D E N T I A L RIO DE JANEIRO 0139

E.O. 11652: GDS

TAGS: EAIR BR

SUBJECT: CIVAIR--PAN AM PLANS TO FILE FOR CHANGE OF GAUGE

1. LOCAL PAN AM REP INFORMS CONGEN OFFICERS THAT COMPANY HAS FILED FOR CHANGE OF GAUGE ON ITS FOUR WEEKLY 201/202 FLIGHTS. CURRENTLY THESE FLIGHTS USE 707 AND 747 EQUIPMENT FROM NEW YORK TO RIO AND TO VIRACOPOS (SAO PAULO). PAN AM PLANS, EFFECTIVE FEBRUARY 23, TO HOLD THIS EQUIPMENT IN RIO AND TO CANCEL ONWARD LEG TO VIRACOPOS. IN ITS PLACE, COMPANY PROPOSES INSTITUTE FOUR WEEKLY ROUND-TRIP FLIGHTS BETWEEN RIO AND CONGONHAS (SAO PAULO) USING 727. THIS LATTER AIRCRAFT WOULD, IN EFFECT, SERVE FOR LAST LEG OF SOUTHBOUND FLIGHT (201) AND FIRST LEG OF NORTHBOUND FLIGHT (202). THE 707/747 WOULD REMAIN IDLE DURING THE DAY IN RIO (GALEAO). DURING FOUR DAYS, 727 WOULD BE IDLE AT CONGONHAS; DURING REST OF WEEK IT WOULD PARK AT GALEAO. FLIGHT CREW FOR RIO-CONGONHAS SERVICE WOULD BE BASED IN RIO.

2. EFFECTIVE WITH INITIATION OF SUMMER SCHEDULE ON APRIL 9, 1975, 727 EQUIPMENT WILL EXTEND ITS FLIGHT FROM CONGONHAS (SAO PAULO) TO MONTEVIDEO, RETURNING EVENING OF SAME DAY FOR CONNECTING FLIGHT OF 707/747 TO NEW YORK, DURING PERIOD FROM FEBRUARY 23 TO APRIL 9, THEREFORE, 727 WILL BE EFFECTIVELY BASED IN BRAZIL.

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URUGUYAN CLEARANCE FOR PROPOSED FLIGHTS HAVE REPORTEDLY NOT BEEN

OBTAINED.

3. PAN AM CURRENTLY HAS WORKING ARRANGEMENT WITH TRANS-BRAZIL WHEREBY FORMER'S 20-/202 FLIGHTS ARE TIED TO TRANS-BRAZIL FLIGHTS BETWEEN RIO AND CONGONHAS. SOUTHBOUND PASSENGERS MUST, HOWEVER, CLEAR CUSTOMS IN RIO. PAN AM ASSURES THAT THIS ARRANGEMENT IS MORE COSTLY AND PRESENTS MORE OPERATIONAL INCONVENIENCES THAN PROPOSED CHANGE OF GAUGE OUTLINED IN PARAGRAPH ONE ABOVE.

4. PAN AM REP ASSERTS THAT BILATERAL AUTHORIZES PROPOSED CHANGE IN GAUGE. HE NOTES, MOREOVER, THAT VARIG CURRENTLY PROVIDES THIS TYPE OF SERVICE. VARIG FLIGHTS FROM NEW YORK TIMED SO THAT ONWARD PASSENGERS CAN TRANSFER DIRECTLY TO SMALLER VARIG AIRCRAFT AT RIO'S GALEAO AIRPORT FOR FLIGHT TO CONGONHAS. PASSENGERS DO NOT CLEAR CUSTOMS UNTIL THEIR ARRIVAL IN SAO PAULO. PAN AM REP CLAIMS THAT GOB REFUSAL TO ACCEPT ITS FILING WOULD CONSTITUTE UNFAIR COMPETITIVE PRACTICE.

5. COMMENT: DESPITE PAN AM REP'S CLAIM THAT PROPOSED CHANGE IN GAUGE WOULD BE LESS EXPENSIVE THAN CURRENT OPERATION, BASIC REASON FOR PROPOSAL IS TO IMPROVE PAN AM'S COMPETITIVE POSITION VIS-A-VIS VARIG. PAN AM FEELS THAT INCONVENIENCE OF GROUND TRAVEL FROM VIRACOPOS AIRPORT TO CITY OF SAO PAULO DEFINITELY ENCOURAGES PASSENGERS TO USE VARIG RATHER THAN PAN AM FLIGHTS.

6. BRAZILIAN CIVIL AVIATION AUTHORITIES (DAC), WHO HAD NOT BEEN PREVIOUSLY CONSULTED, MAY OBJECT TO PAN AM'S PROPOSAL. JUDGING FROM PAST EXPERIENCE, WE BELIEVE DAC WILL CONSULT VARIG, WHICH WILL LIKELY BE CONCERNED BY PROSPECT OF INCREASED PAN AM COMPETITION. PROPOSAL, MOREOVER, WILL PROBABLY GENERATE OPPOSITION FOR TWO ADDITIONAL REASONS. FIRST, THE CONCEPT OF STATIONING A U.S. AIRCRAFT IN BRAZIL, EVEN THOUGH TEMPORARILY, IS UNLIKELY TO BE VIEWED SYMPATHETICALLY BY DAC. SECOND, DAC HAS CONSCIOUSLY ATTEMPTED TO REDUCE, AND EVENTUALLY ELIMINATE, INTERNATIONAL FLIGHTS AT CONGONHAS. PAN AM'S PROPOSAL WOULD CONFLICT DIRECTLY WITH THIS POLICY OBJECTIVE.

MILLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, AIR ROUTES, AIRCRAFT COMPONENTS, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RIODE00139
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750015-0496
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750150/aaaabroh.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by BoyleJA>; APPROVED <04 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR--PAN AM PLANS TO FILE FOR CHANGE OF GUAGE
TAGS: EAIR, BR, US, PANAM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006